

ISSUE DATE: September 19, 1997

DOCKET NO. P-5545/NA-97-1120

ORDER GRANTING CERTIFICATE OF AUTHORITY WITH CONDITIONS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
Don Storm

Chair
Commissioner
Commissioner
Commissioner

In the Matter of a Request for a Certificate of Authority to Provide Private Line and Special Access Services in the Appleton, Benson, Herman, Montevideo, Morris, Ortonville and Wheaton Exchanges, and Facilities-Based and Resold Local Service in the Appleton Exchange

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PROCEDURAL HISTORY

On July 22, 1997, Federated Telecom, Inc. (FTI or the Company) filed an application to provide special access services in the Appleton, Montevideo, Ortonville, and Morris exchanges currently served by US WEST Communications, Inc. (US WEST); the Herman and Wheaton exchanges currently served by GTE Minnesota (GTE); and the Benson exchange currently served by United Telephone Company (United). In addition, FTI proposed offering facilities-based and resold local service in the Appleton exchange.

FTI provided notice of the pending application to US WEST, GTE and United, and to the municipalities within the proposed service area. FTI filed a map with the Department, identifying the proposed service area. The Company also submitted a tariff containing the terms and conditions for private line and special access service, and will submit additional rates for local exchange service upon completion of an interconnection agreement.

On July 24, 1997, the Department of Public Service (the Department) filed comments recommending approval of the application, conditioned upon the filing of the Company's interconnection agreements and final tariffs.

On August 18, 1997, US WEST filed a petition to intervene. US WEST did not file further comments in the proceeding.

On September 2, 1997, the matter came before the Commission for consideration.

FINDINGS AND CONCLUSIONS

I. US WEST'S REQUEST TO INTERVENE

Under Minn. Rules, part 7829.0800, subp. 5, a petition to intervene is deemed granted if no objection is filed within 15 days. In this case, no party objected to US WEST's intervention petition. US WEST's request for intervenor status is granted by operation of the rule.

II. FTI'S APPLICATION FOR AUTHORITY

A. The Statutory Standard

The statutory standard for granting local authority to new entrants is found at Minn. Stat. § 237.16, subd. 1(b):

No person shall provide telephone service in Minnesota without first obtaining a determination that the person possesses the technical, managerial, and financial resources to provide the proposed telephone services and a certificate of authority from the commission under the terms and conditions the commission finds to be consistent with fair and reasonable competition, universal service, the provision of affordable telephone service at a quality consistent with commission rules, and the commission rules.

B. Commission Action

1. The Necessary Technical, Managerial, and Financial Resources

In its report, the Department noted that FTI is a wholly owned subsidiary of Federated Telephone Cooperative, which has experience as a local exchange carrier serving the Chokio exchange.

The Department examined the parent company's audited financial statement for 1996, and found the parent company's overall financial health satisfactory.

Based upon these facts, the Commission finds that FTI possesses the requisite technical, managerial, and financial resources to offer local service in Minnesota.

2. Other Standards for Certification under Minn. Stat. § 237.16, subd. 1(b)

Under Minn. Stat. § 237.16, subd. 1(b), the terms and conditions under which the applicant will be certified must be consistent with fair and reasonable competition, universal service, the provision of affordable telephone service at a quality consistent with Commission rules, and the Commission's rules.

These issues cannot be adequately addressed on the basis of the application alone. Filed tariffs and necessary interconnection agreements allow the consideration of such issues as the exact services proposed; the market and classes of customers targeted; the implications of universal

service requirements; quality standards; rates; and terms and conditions of service.

The Commission will condition its approval of FTI's petition upon the Company's submission of any interconnection agreements and filed tariffs, including dates for the implementation of service. The Company's provision of local service will be subject to the Commission's local competition rules, Minn. Rules, parts 7812.0050 to 7812.2300, further rulemakings in Docket Nos. P-999/R-97-609 and P-999/R-97-608, as well as governing federal and state statutes and Commission Orders.

With these conditions to the certificate in place, as well as others listed in Order Paragraph No. 1 below, the Commission finds that the public interest standards for certification are satisfied.

ORDER

1. The Commission grants FTI's request for a certificate of authority to provide local services, subject to the following conditions:
 - a. The certification is confined to the Appleton, Montevideo, Ortonville and Morris exchanges currently served by US WEST, GTE, and United.
 - b. FTI shall file for an amended certificate of authority pursuant to Minn. Stat. § 237.16, subd. 4, and receive Commission approval, prior to any expansion of its local service area.
 - c. Pursuant to Minn. Stat. § 237.16, subd. 3 and Minn. Rules, part 7810.0500, FTI shall maintain service area maps with the Department that show the exchanges in which FTI actually provides local service.
 - d. FTI shall submit for Commission approval any local service interconnection agreements negotiated with an incumbent local exchange carrier, pursuant to the Telecommunications Act of 1996.
 - e. Prior to providing local service, FTI shall file a final tariff for Commission approval, with proposed implementation dates, rates, and applicable terms and conditions.

- f. FTI will be subject to the rules governing the provision of local service, Minn. Rules, parts 7812.0050 to 7812.2300, further rulemakings in Docket Nos. P-999/R-97-609 and P-999/R-97-608, as well as governing federal and state statutes and Commission Orders.
 - g. FTI shall proceed toward implementation of local service through a process which maintains all protections afforded local exchange carriers and independent local exchange carriers under Minnesota statutes and the Telecommunications Act of 1996.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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